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12-7-1981

# Notes, Transamerica Occidental Group

Max S. Baucus

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Senator \* or Department\*: **BAUCUS**

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(1) Subject\*: Notes on Talking to Transamerica Occidental Group

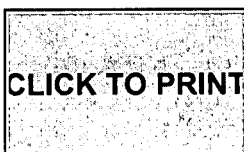
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DOCUMENT DATE\*: 12/07/1981

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BAUCUS

~~Steve~~ / John / Dick /  
○ Rick

- Notes on talks to  
Transamerica -  
Occidental  
group 12-7-81.

- Please save.

- Ry

○

How we got here:

1. Viet Nam + Great Society
2. OPEC
3. Inflation + stagflation

1980 elections gave Reagan a choice

The plan to fight inflation

1. Cut spending (except Defense)

2. cut regulations

3. Supply side tax cut

4. Moderate growth in money supply

$\left[ \begin{array}{l} \$750 \text{ B next 5} \\ \$340 \text{ B next 5} \end{array} \right.$

"0" deficit  
in 1984

Will it work?

1. Will Americans save? Kennedy experience
2. Will bus. invest? Money market exp.
3. Will high interest rates prevent theory.

My view → Significant problems

1. Numbers don't add up:  $750 + \text{Defense} - \text{cuts}$
2. Developing perception of unfairness

## The solution

1. Recognize that there are no sure cures -  
No simplistic slogans:  
Complicated economy  
Changing economy  
Politicians and press at fault  
Be pragmatic
2. Work toward balanced budget now  
Give confidence
3. Reverse theory: Tight fiscal - loose monetary
4. Spending cuts  
Some entitlement indexing  
Defense
5. Revenue  
Delay cut  
Tax expenditures  
Windfall profits
6. Evenhanded + fair programs to be believed
7. Japan + W. Europe pay for defense
8. SALT have everything
9. Brexton must produce:

10. Gov't + bus + labor cooperate

11. Gov't + bus + labor think in longer term

Too much now in short term

12. Involvement of All

74 hrs in day - Front Banner / Back Banner

On phone